

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶
IRC SECTION 354, 358, 367, 368(a)

18 Can any resulting loss be recognized? ▶ SEE STATEMENT.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶
SEE STATEMENT.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature ▶  Date ▶ 10/10/16

Print your name ▶ ADAM LOGAL Title ▶ CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no.	

OPKO Health, Inc.
EIN 75-2402409
Attachment to Form 8937
Report of Organizational Action Affecting Basis of Securities

Disclaimer: The information contained in Form 8937 and this attachment does not constitute tax advice and does not purport to take into account any shareholder's specific circumstances. Shareholders are urged to consult their own tax advisors regarding U.S. tax consequences of the transactions described herein and the impact to tax basis resulting from the transaction.

Line 14, Description of Organizational Action:

On August 31, 2016, OPKO Global Holdings Inc., a company organized under the laws of the Cayman Islands ("Acquirer"), and a wholly owned subsidiary of OPKO Health Inc. ("OPKO"), a publicly traded corporation incorporated under the laws of Delaware, acquired, from various shareholders, all of the issued and outstanding ordinary shares of Transition Therapeutics Inc., a publicly traded corporation organized under the laws of Canada, in exchange for an aggregate of 6,430,868 newly issued OPKO common shares, which resulted in Target becoming a wholly owned subsidiary of Acquirer, and wholly owned indirectly by OPKO (the "Exchange"). On August 30, prior to the Exchange, Transition Therapeutics Inc. and Waratah Inc., a wholly owned subsidiary of Transition Therapeutics Inc. organized under the laws of Canada, undertook an amalgamation under Canadian law whereby each Transition Therapeutics Inc. shareholder received one share of the resulting amalgamated entity for each share of Transition Therapeutics Inc. (the "Amalgamation"). The resulting amalgamated entity was named Transition Therapeutics Inc. ("Target").

Line 15, Quantitative Effect:

The Amalgamation is intended to qualify as a reorganization of Transition Therapeutics Inc. within the meaning of Section 368(a)(1)(A) of the Internal Revenue Code of 1986, as amended (the "Code"). As a result of the Amalgamation, each share of Target stock received by a Transition Therapeutics Inc. shareholder should generally have the same basis as such holder's share of Transition Therapeutics Inc. stock exchanged therefor. The subsequent Exchange is intended to qualify as a reorganization within the meaning of Section 368(a)(1)(B) of the Code. As such, a U.S. holder of shares of Target common stock exchanging such Target shares for OPKO common stock pursuant to the Exchange should generally take a tax basis in each OPKO common share equal to the tax basis in the shares of Target common stock exchanged therefor (using the tax basis in the Target shares immediately after the Amalgamation, which also should be the same as the tax basis in the Target shares immediately prior to the Amalgamation), as determined separately for each block of Target common stock held by the U.S. holder.

With respect to any U.S. person that owns at least five percent of either the total voting power or the total value of the stock of OPKO as a result of the Exchange ("U.S. Five-Percent Transferee"), absent entering into a gain recognition agreement with the IRS in the form

provided in U.S. Treasury Regulation Section 1.367(a)-8(c) (“Gain Recognition Agreement”), special rules contained in Section 367(a) of the Code and the Treasury Regulations promulgated thereunder may require that such U.S. Five-Percent Transferee recognize gain, but not loss, in an amount equal to the fair market value of each OPKO common share received in the Exchange over such U.S. Five-Percent Transferee’s adjusted tax basis in each Target share exchanged therefor.

A U.S. Five-Percent Transferee that enters into and remains in compliance with a Gain Recognition Agreement, should take an adjusted tax basis in each OPKO common share equal to the adjusted tax basis of the share of Target common stock exchanged therefor as determined separately for each block of Target common stock exchanged. To the extent such U.S. Five-Percent Transferee recognizes gain, such gain should be added to the adjusted tax basis. The requirements for and effects of entering into and complying with a Gain Recognition Agreement are complex and are not discussed herein. Any U.S. Five-Percent Transferee should consult with his or her tax advisor regarding tax consequences of the Exchange to them, including the decision to file a Gain Recognition Agreement and the procedures to be followed in connection with such filing. Target shareholders should consult with a qualified tax advisor for questions regarding their specific tax treatment.

Line 16, Calculation of Change of Basis:

Pursuant to the Exchange, each holder of Target common stock received 0.1657484 OPKO common shares for each share of Target common stock. The adjusted tax basis in each OPKO common share received should equal the adjusted tax basis of each Target common share exchanged therefor, increased by the amount of any gain recognized pursuant to Code Section 367(a) as described in Line 15. Shareholders who acquired shares of Target on different dates and at different prices should consult their own tax advisors regarding the allocation of the tax basis of such shares to the OPKO common shares received in the Exchange. In general, a shareholder’s tax basis in the Target common stock (immediately after the amalgamation) must be allocated to the OPKO common shares (or allocable portions thereof) in a manner that reflects, to the greatest extent possible, the basis in the Target common stock that was acquired on the same date and at the same price. To the extent it is not possible to allocate the tax basis in this manner, the tax basis in the Target common stock must be allocated to the OPKO common shares (or allocable portions thereof) in a manner that minimizes the disparity in the holding periods of the Target common stock whose basis is allocated to any particular OPKO common share. This may result in some OPKO common shares having split holding periods and split basis. Target shareholders should consult with a qualified tax advisor for questions regarding their specific tax treatment.

Line 18, Recognition of Loss:

As discussed above in Line 15, pursuant to Section 367(a) of the Code and the Treasury Regulations promulgated thereunder, certain U.S. holders of shares of Target common stock exchanging such Target shares for OPKO common shares pursuant to the Exchange must recognize gain, if any, but not loss on such exchange.

Line 19, Other Information:

The Exchange and resulting stock exchanges were effective on August 31, 2016, which is within the 2016 calendar year.